



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

November 3, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS:
RESCIND APPROVAL OF SUPPLEMENTAL AGREEMENT AND
AWARD ARCHITECT/ENGINEER SERVICES AGREEMENT
FOR THE MARTIN LUTHER KING, JR. MEDICAL CENTER
CAPITAL PROJECT NOS. 88945 AND 70947
(SECOND DISTRICT) (3 VOTES)**

SUBJECT

These actions are to rescind the previous approval of a supplemental agreement with HMC Architects, and to award a new agreement with HMC Architects to provide complete design services, including preparation of plans and specifications, for the Inpatient Tower Renovation and to prepare scoping documents for the new Multiservice Ambulatory Care Center/Ancillary Building project at Martin Luther King, Jr. Medical Center, to be funded through long-term Build America Bonds, Recovery Zone Economic Development Bonds, and/or exempt lease revenue bonds.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Rescind your Board's earlier approval of Supplemental Agreement 11 to Contract PW-12826 with HMC Architects, to provide complete design services, including preparation of plans and specifications, for the Inpatient Tower Renovation project, Capital Project 88945, and to prepare scoping documents for the new Multiservice Ambulatory Care Center/Ancillary Building project, Capital Project 70947, for an aggregate, not-to-exceed amount of \$17,612,500.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

2. Award and authorize the Director of Public Works to execute an agreement with HMC Architects, to provide complete design services, including preparation of plans and specifications, for the Inpatient Tower Renovation project, Capital Project 88945, and to prepare scoping documents for the new Multiservice Ambulatory Care Center/Ancillary Building project, Capital Project 70947, for an aggregate, not-to-exceed amount of \$18,950,000.
3. Authorize the Director of Public Works to proceed with commencing design of the Inpatient Tower Renovation project and the new Multiservice Ambulatory Care Center/Ancillary Building project at Martin Luther King, Jr. Medical Center.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will allow the Director of Public Works to execute an architect/engineer (A/E) design services agreement with HMC Architects (HMC) for the Inpatient Tower Renovation and the new Multiservice Ambulatory Care Center/Ancillary (MACC/Ancillary) Building projects, and proceed with design of both projects.

Background

The Inpatient Tower projects entail renovation of the existing 194,000 square-foot Inpatient Tower building to house approximately 120 patient beds and other essential hospital services, such as inpatient pharmacy, radiology, and operating rooms. Several other existing buildings on the campus will be renovated and/or converted to provide various administrative and support services for the new hospital. The project also includes make-ready work, which involves interior renovation to existing buildings and relocating existing functions.

The new MACC/Ancillary Building project consists of a new building, approximately 130,000 square feet, to house an ambulatory surgical center, clinical, kitchen, cafeteria, and other support services. Several other existing buildings on the campus will be renovated to provide administrative and support services for the new MACC/Ancillary building.

On August 18, 2009, your Board approved and authorized the Director of Public Works to execute a supplemental agreement with HMC to provide complete design services, including preparation of plans and specifications, for the Inpatient Tower Renovation project, and to prepare scoping documents for the MACC/Ancillary project at Martin Luther King, Jr. (MLK) Medical Center. After further review of the selection process by which HMC was originally hired, it was concluded that the scope of services described in the original solicitation process was not broad enough to support the amendment of the HMC contract to include the design of the new facilities.

Therefore, Public Works did not proceed with execution of the supplemental agreement, and instead conducted a new selection process, which has now been completed. In returning to your Board to recommend that a contract be awarded based on the new solicitation process, we also recommend, as an administrative matter, that your Board's earlier approval of the supplemental agreement with HMC be rescinded.

New Solicitation and Recommended Contract

In connection with the new solicitation process, on August 27, 2009, the Department of Public Works (Public Works) issued a Request for Proposal for design services to 13 firms selected by the Architectural Evaluation Board. As described in more detail below, as part of the qualifications-based selection process, HMC was selected as the firm most qualified to provide the design of these two projects. HMC has provided a fee proposal, and it is recommended that your Board award a contract to HMC for the two projects for an aggregate amount not to exceed \$18,950,000.

The increase in fee from the previously awarded and now rescinded contract reflects the aggressive schedule that is required to meet the financing deadlines under the American Recovery and Reinvestment Act (ARRA). Under the ARRA, issuance of Recovery Zone Bonds, which will be proposed to finance the projects, must be completed by December 31, 2010. To meet this deadline, all three of the firms that were interviewed recommended the:

- development of multiple design and bid packages to facilitate concurrent plan check activities;
- use of laser-scanning building investigation technology to minimize unforeseen conditions; and
- implementation of Building Information Modeling (BIM) technology to resolve design conflicts prior to construction and minimize change orders. BIM software allows the A/E to design the building systems three-dimensionally and facilitates fabrication of structural, mechanical, electrical and plumbing elements.

The incorporation of these methods resulted in an increase in the design fee from the previously awarded and now rescinded contract. Upon your Board's approval of the recommended actions, Public Works will execute an A/E design services agreement with HMC to prepare plans and specifications, obtain jurisdictional agency approval, and provide construction administration services for the Inpatient Tower Renovation project and to prepare scoping documents for the new MACC/Ancillary Building project. For both projects, HMC has agreed to perform all A/E design and associated services for a not-to-exceed fee of \$18,950,000.

Request to Commence Design Activities

On September 10, 2009, the Chief Executive Office reported to your Board on the action steps required to ensure the design of the MACC/Ancillary project is completed in time for the County to meet the ARRA financing requirements. Upon your Board's approval of the recommended actions, Public Works will authorize the selected architectural/engineering firm to proceed with preparation of the scoping documents for the MACC/Ancillary project in order to secure the funding and meet the bond financing deadline of December 30, 2010. Details of the recommended schedule adjustments are provided in Attachment A.

During the solicitation process, the three A/E firms that were short-listed expressed concerns during oral interviews over the proposed project schedule. Specifically, there was concern that if the County waited until the University of California's Board of Regents (UC) meeting in mid-November to proceed with commencement of design work, the selected A/E firm would not be able to mobilize until December, thereby putting further pressure on an already aggressive schedule. Accordingly, it is recommended that Public Works authorize HMC to proceed immediately with design of the Inpatient Tower Renovation project and develop the scoping documents for the MACC/Ancillary project.

In the event the UC agreement is not consummated in November 2009, we can halt design activities with minimal cost exposure. The extra month we gain by beginning November 3, 2009, however, could determine if we meet ARRA financing deadline and save and are able to gain the \$56 million in Federal reimbursement of interest cost on the MACC.

Sustainable Design Program

The projects will support your Board's Policy for Green Building/Sustainable Design Program and include sustainable design features compliant with the United States Green Building Council Leadership in Energy and Environmental Design for new building construction, including but not limited to, water and energy conservation features, low-emitting building materials, and indoor environmental quality. For renovated buildings, Public Works will work with HMC to include sustainable design features by replacing and/or upgrading the mechanical, electrical, and plumbing systems to optimize energy efficiency, use of recycled and low-emitting materials and alternative transportation features, such as bike racks.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provision of Operational Effectiveness (Goal 1) and Children, Family, and Adult Well-Being (Goal 2) by investing in public health infrastructure to enhance the safety of the patients and staff and improving patient care with a new hospital and MACC/Ancillary. Completion of these projects will provide much needed improvements to the facility for the residents of the County.

FISCAL IMPACT/FINANCING

The Inpatient Tower Renovation project is estimated to cost \$208,500,000, including \$11,465,000 for the make-ready and \$197,035,000 for renovation of the existing facility. The MACC/Ancillary Building project is estimated to cost \$145,300,000. The combined cost for both projects is estimated at \$353,800,000. The Project Schedule and Budget Summaries are included in Attachment A.

HMC has agreed to perform all architectural engineering design services, including basic, additional, optional, and reimbursable services, for a not-to-exceed amount of \$18,950,000.

The projects costs will be financed through the issuance of long-term Build America Bonds, Recovery Zone Economic Developments Bonds, and/or tax-exempt lease revenue bonds.

The County is authorized to issue Build America Bonds and Recovery Zone Economic Development Bonds under ARRA which offer Federal reimbursement of 45 percent and 35 percent respectively, of the interest costs on the bonds. The par amount of each bond type to be issued will be based on market conditions and discussions with the Treasurer and Tax Collector.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

As required by your Board, the project budget allocates one percent of the construction costs to the Civic Art Fund per your Board's Civic Art Policy, adopted on December 7, 2004, and subsequently amended on November 18, 2008.

The agreement will be in the form previously reviewed and approved as to form by County Counsel. The recommended contract was solicited on an open competitive basis and is in accordance with applicable Federal, State, and County requirements.

The proposed architectural/engineering agreement contains terms and conditions supporting your Board's ordinances, policies, and programs, including but not limited to: County's Greater Avenues for Independence and General Relief Opportunities for Work

Programs (GAIN/GROW), Board Policy No. 5.050; Contract Language to Assist in Placement of Displaced County Workers, Board Policy No. 5.110; Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Employee Jury Service Program, Los Angeles County Code, Chapter 2.203; Notice to Employees Regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015); Contractor Responsibility and Debarment, Los Angeles County Code, Chapter 2.202; and the Los Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; and the standard Board-directed clauses that provide for contract termination or renegotiation.

ENVIRONMENTAL DOCUMENTATION

Approval of the recommended actions will have no environmental impact. In August 2009, your Board found the Inpatient Tower Renovation project to be categorically exempt from the California Environmental Quality Act (CEQA).

We will return to your Board to consider certification of an Environmental Impact Report (EIR) for the new MACC/Ancillary Building project, at such time as approval of the project is required.

CONTRACTING PROCESS

On August 24, 2009, the Architectural Engineering Board provided a list of 13 firms qualified to propose for the design of the Inpatient Tower Renovation and the new MACC/Ancillary Building projects. On August 27, 2009, Public Works issued a Request for Proposals (RFP). Proposals were received on September 23, 2009. The proposals were evaluated by an evaluation committee consisting of representatives from the Chief Executive Office, Health Services, and Public Works. Seven firms responded, and after evaluation of the written proposals, the three highest-ranking firms, HDR, Inc., HMC, and HOK Architects, were invited to give oral presentations to the evaluation committee on October 7, 2009.

After scoring the proposing A/E firms on the basis of their relative qualifications to perform the subject scope of services, HMC was determined to be the most highly qualified, and is being recommended to provide complete A/E design services, including preparation of plans and specifications, for the Inpatient Tower Renovation project and to provide scoping A/E services for the new MACC/Ancillary Building project at MLK Medical Center. This recommendation is based on the overall quality and responsiveness of the proposal, competency, health facility design services expertise, experience, qualifications of proposed staff, and project-specific work plans.

The Honorable Board of Supervisors
November 3, 2009
Page 7

HMC's Community Business Enterprise participation is at approximately 39 percent and their three-year contracting history with the County are on file with Public Works.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The award of the A/E services agreement will have no impact to the current operations of the existing MACC. Public Works will work with Health Services' staff to identify operational impacts and develop specific construction strategies to minimize impacts to patient care and the facility during construction. The existing MACC will remain fully operational throughout construction of the Inpatient Tower Renovation and the work will be implemented in phases in order to reduce disruption to the current outpatient services.

CONCLUSION

Please return one adopted copy of this letter to the Chief Executive Office, Capital Projects Division; and Public Works, Project Management Division I.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William T. Fujioka", with a stylized flourish at the end.

WILLIAM T FUJIOKA
Chief Executive Officer

WTJ:GF:SK
DJT:SW:zu

Attachment

c: County Counsel
Department of Health Services (Capital Projects Division)
Department of Public Social Services (GAIN/GROW Program)
Office of Affirmative Action Compliance
Treasurer and Tax Collector

ATTACHMENT A

DEPARTMENT OF PUBLIC WORKS: RESCIND SUPPLEMENTAL AGREEMENT AND AWARD ARCHITECT/ENGINEER SERVICES AGREEMENT FOR THE MARTIN LUTHER KING, JR. MEDICAL CENTER

I. PROPOSED PROJECT SCHEDULE (Capital Project 88945)

Project Activity	Board Approved Completion Dates	Revised Completion Dates
<u>Make-Ready</u>		
Programming	08/30/2009	09/18/2009
Design	11/13/2009	09/01/2010
Jurisdictional Agency Approval	02/26/2010	11/31/2010
Construction Bid and Award (JOC)	04/30/2010	01/31/2011
Construction		
Substantial Completion	07/30/2010	04/28/2011
Acceptance	09/30/2010	06/28/2011
<u>Inpatient Tower Renovation and Support Space</u>		
Programming	08/30/2009	09/18/2009
Design	06/30/2010	03/31/2011
Jurisdictional Agency Approval	09/30/2010	06/31/2011
Construction Bid and Award (D-B-B)	09/30/2010	06/31/2011
Construction		
Substantial Completion	06/12/2012	03/14/2013
Acceptance	08/31/2012	05/28/2013
Building Occupancy	10/31/2012	07/30/2013

II. PROPOSED PROJECT SCHEDULE (Capital Project 70947)

Project Activity	Board Approved Completion Dates	Revised Completion Dates
Environmental Impact Report	09/30/2010	10/31/2010
<u>New Macc/Ancillary and Support Space</u>		
Programming	08/30/2009	09/18/2009
Scoping Design	06/30/2010	07/31/2010
Award Design-Build	12/31/2010	01/31/2011
Jurisdictional Agency Approval	By Design Builder	By Design Builder
Construction Bid and Award (D-B)	N/A	N/A
Construction		
Substantial Completion	03/29/2013	04/30/2013
Acceptance	09/30/2013	10/30/2013
Building Occupancy	12/31/2013	01/30/2014

III. INPATIENT TOWER RENOVATION AND MAKE-READY (Capital Project 88945)

Budget Category	Board Approved Budget	Impact of this Action	Current Project Budget
Land Acquisition Subtotal	\$ 0	\$ 0	\$ 0
Construction			
Low Bid Construction Contract	\$137,600,000	\$ 0	\$ 137,600,000
Job Order Contract	8,300,000	0	8,300,000
Change Orders	21,200,000	0	21,200,000
Departmental Crafts	0	0	0
Construction Consultants	0	0	0
Telecomm Equip - Affixed to Building	0	0	0
Civic Arts	0	0	0
Construction Subtotal	\$167,100,000	\$ 0	\$ 167,100,000
Programming/ Development Subtotal	\$ 0	\$ 0	\$ 0
Plans and Specifications			
Architect/Engineer Fee	\$14,000,000	\$1,628,000	\$15,628,000
Design Contingency	1,500,000	0	1,500,000
Plans and Specifications Subtotal	\$15,500,000	\$1,628,000	\$17,128,000
Consultant Services			
Site Planning	\$ 0	\$ 0	\$ 0
Hazardous Materials	150,000	0	150,000
Geotech/Soils Report and Soils Testing	200,000	0	200,000
Material Testing	550,000	0	550,000
Cost Estimating	200,000	0	200,000
Inspection Services	1,500,000	0	1,500,000
Topographic Surveys	0	0	0
Construction Management	8,200,000	(1,000,000)	7,200,000
Construction Administration	0	0	0
Environmental	0	0	0
Move Management (Move Manager Only)	200,000	0	200,000
Equipment Planning	0	0	0
Contract/Change Order	0	0	0
Consultant Services Subtotal	\$11,000,000	(\$1,000,000)	\$ 10,000,000
Miscellaneous Expenditures Subtotal	\$300,000	\$ 0	\$300,000
Jurisdictional Review/Plan Check/Permit Subtotal	\$2,900,000	\$ 0	\$2,900,000
County Services			
Code Compliance Inspection	\$ 250,000	\$ 0	\$ 250,000
Quality Control Inspection	250,000	0	250,000
Design Review	200,000	0	200,000
Design Services	0	0	0
Contract Administration	500,000	0	500,000
Project Management	2,800,000	0	2,800,000
Project Management Support Services	4,800,000	(628,000)	4,172,000
ISD Job Order Contract Management	0	0	0
DPW Job Order Contract Management	200,000	0	200,000
ISD ITS Communications	1,100,000	0	1,100,000
Project Technical Support	1,400,000	0	1,400,000
Office of Affirmative Action	200,000	0	200,000
County Counsel	0	0	0
Other - GMED	0	0	0
Contract Management - LWHP	0	0	0
County Services Subtotal	\$ 11,700,000	(\$628,000)	\$ 11,072,000
TOTAL	\$208,500,000	\$ 0	\$208,500,000

IV. NEW MACC/ANCILLARY (C.P. 70947)

Budget Category	Board Approved Budget	Impact of this Action	Current Project Budget
Land Acquisition Subtotal	\$ 0	\$ 0	\$ 0
Construction			
Design-Build Construction Contract	\$110,200,000	\$ 0	\$110,200,000
Job Order Contract	1,000,000	0	1,000,000
Change Orders	10,300,000	0	10,300,000
Departmental Crafts	0	0	0
Construction Consultants	0	0	0
Telecomm Equip - Affixed to Building	0	0	0
Civic Arts	1,000,000	0	1,000,000
Subtotal	\$122,500,000	\$ 0	\$122,500,000
Programming/ Development Subtotal	\$ 0	\$ 0	\$ 0
Plans and Specifications			
Architect/Engineer Fee	\$3,700,000	\$(378,000)	\$3,322,000
Design Contingency	800,000	378,000	1,178,000
Subtotal	\$4,500,000	\$ 0	\$4,500,000
Consultant Services			
Site Planning	\$ 0	\$ 0	\$ 0
Hazardous Materials	150,000	0	150,000
Geotech/Soils Report and Soils Testing	200,000	0	200,000
Material Testing	1,500,000	0	1,500,000
Cost Estimating	50,000	0	50,000
Inspection Services	500,000	0	500,000
Topographic Surveys	0	0	0
Construction Management	4,100,000	0	4,100,000
Construction Administration	0	0	0
Environmental	700,000	0	700,000
Move Management (Move Manager Only)	100,000	0	100,000
Equipment Planning	0	0	0
Contract/Change Order	0	0	0
Subtotal	\$7,300,000	\$ 0	\$7,300,000
Miscellaneous Expenditures Subtotal	\$ 250,000	\$ 0	\$ 250,000
Jurisdictional Review/Plan Check/Permit Subtotal	\$ 600,000	\$ 0	\$ 600,000
County Services			
Code Compliance Inspection	\$1,000,000	\$ 0	\$1,000,000
Quality Control Inspection	500,000	0	500,000
Design Review	200,000	0	200,000
Design Services	0	0	0
Contract Administration	300,000	0	300,000
Project Management	2,500,000	0	2,500,000
Project Management Support Services	3,600,000	0	3,600,000
ISD Job Order Contract Management	0	0	0
DPW Job Order Contract Management	100,000	0	100,000
ISD ITS Communications	700,000	0	700,000
Project Technical Support	1,100,000	0	1,100,000
Office of Affirmative Action	150,000	0	150,000
County Counsel	0	0	0
Other - GMED	0	0	0
Contract Management - LWHP	0	0	0
Subtotal	\$10,150,000	\$ 0	\$ 10,150,000
TOTAL	\$145,300,000	\$ 0	\$145,300,000